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5 In the Matter of

No. G02-45

6 THE APPLICATION REGARDING
7 THE CONVERSION AND
8 ACQUISITION OF CONTROL OF
9 PREMIERA BLUE CROSS AND ITS
AFFILIATES

DECLARATION OF JAMES T.
ODIORNE

10 I, JAMES T. ODIORNE, do hereby declare that the following facts are personally known to
11 me and declare as follows:

12 1. I am now, and at all times hereinafter mentioned was, a citizen of the United States
13 and a resident of the State of Washington, am over the age of eighteen years, and am
14 competent to testify in a court of law. The Office of Insurance Commissioner of the State of
15 Washington ("OIC") employs me as the Deputy Insurance Commissioner for Company
16 Supervision. I have been assigned the responsibility to serve as the coordinator of the OIC
17 Staff Review Team in evaluating the Form A (Conversion) Application ("Application") filed
18 by PREMIERA in this matter and in preparing and submitting the Review Team's
19 recommendation to the Commissioner of Insurance regarding the action to be taken with
20 respect to the Application.

21 2. On or about September 17, 2002, PREMIERA filed with the OIC its Application in
22 this matter. Thereafter, on or about September 27, 2002, PREMIERA supplemented its original
23 Application including certain documents in their entirety that had been redacted in the original
24 filing. On October 7, 2002, the OIC Staff submitted a deficiency letter to PREMIERA
25 identifying materials omitted from the previously filed Application as supplemented.
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1 3. On October 22, 2002, the consultants retained by the OIC Staff to assist in the
2 review of the Application (“Consultants”) submitted to PREMERA a consolidated
3 information request listing the documents and information needed for review of the
4 Application. The information request included 130 document requests regarding the
5 following subject areas: corporate records; financial statements; audit information; regulatory
6 financial/actuarial information; tax, financial and actuarial information related to the subject
7 transaction; other financial/actuarial information; financial projections on stand-alone basis
8 and post-conversion basis; claims/underwriting; reinsurance; investment operations; personnel
9 and management; legal; and policyholder and member communications. In addition, the
10 information request included thirteen questions regarding the proposed structure of the
11 transaction, post-transaction expectations, history and background, and tax matters.

12 4. On or about October 25, 2002, PREMERA supplemented the Application a second
13 time including some materials that had previously been omitted. On November 1, 2002, the
14 Consultants delivered a supplemental information request to PREMERA relating to provider
15 networks, benefit design, and actuarial information.

16 5. On or about November 11, 2002, PREMERA submitted certain documents in
17 partial response to the information requests made by the Consultants. On November 19, 2002,
18 the OIC Staff submitted a second deficiency letter to PREMERA identifying materials
19 missing from the Application and that were not included in any supplementation of the filing.
20 The letter also required that the information previously requested by the Consultants be
21 provided.

22 6. Beginning in November, PREMERA has made available to the Consultants a data
23 room for on-site review of requested information. Although the data room has been set aside
24 for this purpose, PREMERA has been tardy in marshalling information responsive to the
25 information requests and making it available for review. Initially, only public information
26 was made available for review. On November 14, 2002, PREMERA notified the OIC Staff

1 that non-public records would be made available. On November 18, the Consultants received
2 notification for the first time that non-public records were available for review in the data
3 room. However, certain requested non-public information deemed confidential by
4 PREMERA has been made available to the Consultants only for review in person, in the data
5 room and not for photocopying. This has proven to be a significant impediment to the process
6 since the Consultants require photocopies of documents upon which they intend to rely in
7 preparing their opinions and providing expert testimony in this matter. PREMERA has given
8 as its reason for refusing to allow photocopying that such photocopies when made and
9 retained by the Consultants will become subject to the provisions of the Public Disclosure Act
10 (chapter 42.17 RCW). On the afternoon of November 20, PREMERA communicated to the
11 OIC Staff that all Consultants would be permitted access to all information, including that
12 deemed confidential by PREMERA, and would make documents along with a copy machine
13 available for the use of the Consultants in the data room. All restrictions on photocopying of
14 documents by the Consultants were removed.

15 7. Although PREMERA has now committed to full cooperation with the Consultants
16 and OIC Staff in providing the requested information, until the Consultants are able to review
17 the newly available materials, it cannot be determined whether the information identified in
18 the deficiency letters or in the Consultants' information requests has been furnished.

19 8. I declare under penalty of perjury under the laws of the State of Washington that
20 the foregoing is true and correct.

21 DATED this ____ day of November, 2002 in Tumwater, Washington.

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24 JAMES T. ODIORNE
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